

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

Purpose

To obtain financial statement and footnote information from each higher education institution (HEI*) including blended component units of the HEI. This attachment has a financial statement template (FST) and footnote tabs. It also has a Combining FST and footnote tabs for foundation** information. This is similar to prior year Attachment HE-10. This attachment has a new Checklist tab to ensure completeness and propriety of this attachment.

***HEI** referred to in this attachment is defined as the higher education institution and any blended component units.

****Foundation** referred to in this attachment is defined as a foundation/entity that is a discrete component unit of the HEI as required by GASBS No. 39.

Applicable institutions

All institutions **must** complete this attachment.

Note: The following tabs must be completed by all HEIs: FST, Checklist, TAB 6, TAB 7, and TAB 8. The following tabs must be completed by all HEIs that have foundation(s): Combining FST, TAB F6, and TAB F7. The remaining tabs must be completed if the HEI or the foundation(s) have amounts reported on certain line items or certain conditions exist.

Due date

September 28, 2006

Comptroller's Directive 1-06

Attachment HE-10

Financial Statement Template

Submission requirements

Contact DOA if the institution has any problems with the files.

After downloading the excel file, rename the excel file using the institution's acronym followed by "-FST." For example, VCCS would save the file as VCCS-FST.xls. This file includes the following tabs: FST, Combining FST, Elimination Entries to FST (new), Checklist (new), eighteen footnote tabs, and the Revision Control Log.

Submit the excel file electronically to finrept@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do **not** submit paper copies of this spreadsheet.

Attachment revisions

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the Revision Control Log Tab (RCL).**

Enter the revision date, applicable excel file tab name, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

Additional guidance

See the **Financial Statement Template Preparation for Higher Education Institutions, Additional Guidelines for Preparation of the Financial Statement Template, and Combining Financial Statement Template Preparation for Foundation(s)** sections in the Office of the Comptroller's Directive 1-06 for additional guidance in completing this attachment.

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

Summary of Attachment Changes

**Changes from
the prior year's
attachment**

Below is a summary of changes to this attachment:

FST – This tab has **eight additional line items** for the HEI to report amounts invested in the **State Non-Arbitrage Program (SNAP)** and the **Local Government Investment Pool (LGIP)**. (Note: Two additional LGIP investment line items have been added but they are for DOA use only. HEIs cannot enter amounts on these line items.) This tab also has **four additional line items** to report the HEI **accounts payable** footnote detail information. This resulted in TAB 4, Accounts Payable being eliminated.

Checklist – This is a new tab to help determine the completeness and propriety of the Attachment HE-10. This tab should be read before entering amounts in this attachment.

Elimination Entries to FST – Elimination entries can no longer be recorded directly on the FST. Significant intrafund balance/activity elimination entries between the HEI and the foundation(s) must be recorded on the **new** Elimination Entries to FST tab. This tab replaces the prior year's TAB 9, Eliminations.

Elimination Entries to Footnotes – In the prior year, footnote elimination entries were submitted to DOA in a separate file. For this year, any elimination entries to footnote line items will be recorded on the appropriate tab within the Attachment HE-10. An "ERROR" message will appear if the footnote tabs do not agree to the elimination entry amounts. The following tabs have been revised to record any elimination entries on the Combining FST and/or FST:

- TAB 2, Receivables – Part 2
- TAB 3, Capital Assets – Part 5
- TAB 5, LT Liabilities – Parts 5 - 8
- TAB F1, Cash, Cash Eqv, Inv – Part 2a
- TAB F3, Receivables – Parts 1 & 2
- TAB F4, Capital Assets – Part 1
- TAB F5.1, LT Liabilities – Parts 1 to 4

TABS 2 & F3, Receivables – These tabs include a new part to provide descriptions and amounts for "Other Receivables."

Prior year TAB 5.1, Defeasance – This tab is no longer included in this attachment. HEIs will be requested to submit information on new bond issuances and refundings throughout the year.

Continued on next page

**Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template**

Summary of Attachment Changes, continued

**Changes from
the prior year's
attachment,
*continued***

TAB 7, Miscellaneous – This has **new parts** for the HEI to provide descriptions of amounts reported on the following line items: Other Assets (Part 12a), Other Restricted Assets (Part 12b), and Accounts Payable – Other (Part 11b).

TAB F2, SNAP & LGIP – Provide what Combining FST line item these amounts are reported on. A drop-down list is provided.

TAB F7, Miscellaneous – Prior year's Parts 2, 5, 6, and 7 are no longer required. This tab has **new parts** for the Foundation to provide descriptions of amounts reported on the following line items: Other Assets (Part 7a), and Other Restricted Assets (Part 7b).

TABS 7 & F7, Miscellaneous - TABS 7 (Part 13) and F7 (Part 9) both have **new parts** to document the calculation of the invested in capital assets, net of related debt amount.

Governmental Accounting Standards Board (GASB) Statements 42, 46, and 47: TABS 3 (Part 4) and 7 (Parts 14 & 15) have **new parts** regarding these new GASB statements.

Other format changes – There are some format changes that will be discussed in other sections of these instructions.

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

Financial Statement Template (FST)

FST columns

The HEI must enter amounts in the column titled “**HEI Total Year-End June 30, 2006.**” As noted on page 1, HEI is defined as the higher education institution and any blended component units. **Footnote TABS 1A, 1B, and 2 to 8** must be completed for amounts reported in this column.

The column “**Foundation(s) Year-End Totals**” is linked to the “Foundation(s) Year-End Totals” column on the Combining FST tab.

The column “**Elimination Entries**” is linked to the “Elimination Entries to FST – Combined Total” column on the **new** Elimination Entries to FST tab.

The “**Combined Total**” column sums the three columns and will be linked to the CAFR with some exceptions. DOA will make certain adjustments to these amounts; therefore, amounts in this column do not always equal the amounts reported in the CAFR.

Fluctuation Analysis - For prior year amounts to appear, the HEI must first select their HEI's acronym from the drop-down list. Once selected, the prior year amounts will appear and the #N/As will disappear. The fluctuation analysis is comparing the current year's HEI and Foundation amounts with the prior year amounts reported to DOA on the FY 2005 Attachment HE-10, FST. Some amounts have been adjusted by DOA and those adjustments will be provided to the HEIs. Two sets of materiality scopes must be calculated. See the [Additional Guidelines for Preparation of the Financial Statement](#) in the Comptroller's Directive 1-06.

Continued on next page

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

Financial Statement Template (FST), continued

New line items There are new line items for the HEI only. These new line items do not apply to the foundations. The new line items are described below.

SNAP & LGIP Line Items for HEI:

Eight **new** line items have been added to record any amounts invested in the State Non-Arbitrage Program (SNAP) or the Local Government Investment Pool (LGIP). In the prior year, the TAB 1A provided what FST line items these amounts were reported on. In some cases, SNAP amounts were reported with the Treasurer of VA and some were not with the Treasurer of VA. For FY 2006, any SNAP or LGIP amounts must be reported on these new line items. DOA reconciles SNAP and LGIP amounts per the templates to information provided by Treasury. These new line items will make the reconciliation process more efficient. The new line items are as follows:

- Local Government Investment Pool (LGIP)
- State Non-Arbitrage Program (SNAP) Fund
- SNAP Individual Portfolio –Cash Equivalents
- SNAP Individual Portfolio – Investment

These line items are also added to the Restricted Cash and Cash Equivalents/Investment sections. (Note: There are two new line items to record LGIP investments but they are only for DOA use. HEIs cannot record amounts on these line items.)

The **SNAP fund** line items represent the money market mutual fund that is managed to maintain a dollar-weighted average portfolio maturity of ninety days or less and seeks to maintain a constant net asset value per share of \$1. These are considered cash equivalents. The **SNAP individual portfolio** line items represents accounts that a program investment manager will purchase and manage a portfolio of cash equivalent and/or investment items.

These new line items will not be required for foundations because only a small number of foundations had investments in SNAP or LGIP.

Continued on next page

**Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template**

Financial Statement Template (FST), continued

**New line items,
continued**

Accounts Payable Line Items for HEI:

Four **new** line items have been added for accounts payable to capture the footnote disclosure information; therefore, eliminating TAB 4, Accounts Payable. The new line items are as follows:

- Vendor Payments
- Salaries/Wages
- Retainage Payable
- Other*

Note*: The TAB 7, Miscellaneous, has a new Part 11b to provide a description of the Other line item.

**Line item name
changes**

The following line items have been changed:

- Deferred Revenue is now Unearned Revenue. Deferred revenue is appropriate on modified accrual but not full accrual financial statements.
 - Loss on Sale/Disposal of Capital Assets is now Loss on Sale/Disposal/Impairment of Capital Assets. Gain on Sale/Disposal of Capital Assets is now Gain on Sale/Disposal/Impairment of Capital Assets. These line item changes were because of GASBS No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.
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Continued on next page

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

Financial Statement Template (FST), continued

**Elimination
entries**

The line items listed below may be used to record significant balance/activity amounts among the HEI and the foundation(s) and must be eliminated.

- Due from Foundation(s)
- Due to Foundation(s)
- Due from Higher Education Institution
- Due to Higher Education Institution
- Payments/Support from Foundation(s)
- Payments/Support to Foundation(s)
- Payments/Support from the Higher Education Institution
- Payments/Support to the Higher Education Institution

Any significant intrafund balance/activity amounts recorded on other line items must also be eliminated.

New tab: All significant elimination entries for intrafund balance/activity amounts among the HEI and the foundation(s) must be recorded on the new tab "Elimination Entries to FST." This new tab has a column for elimination entries to the HEI amounts and another column for the elimination entries to the Foundation amounts. It also indicates what tab to record the elimination entries to applicable footnotes. After entering all elimination entries, ensure there are no "ERROR" messages on this tab or the FST tab. The prior year's TAB 9, Eliminations, is no longer required.

The "Elimination Entries" column on the FST is linked to the "**Elimination Entries to FST – Combined Total**" column in this new tab.

Any significant intrafund balance/activity amounts not eliminated because the foundation(s) has a December 31st year-end must be reported on TAB F8, Intrafund.

Note: While there is no set definition for significance, the HEI should consider the impact the activity would have on a CAFR user. If the activity would lead a CAFR user to reach an incorrect understanding of the HEI's activity, then it should be eliminated. In instances requiring elimination, it is possible that the amounts reported by the HEI and foundations may not agree exactly. The HEI should use professional judgment to reclassify any residual balances to another line item, as appropriate.

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

Combining Financial Statement Template

Columns

The **Combining Financial Statement Template (Combining FST)** is a tab to record foundation financial information. Most HEIs have at least one **foundation**. As stated on page 1, a foundation is defined for this attachment as a discrete component unit of the HEI as required by GASBS No. 39. The Combining FST has up to eight columns that can be used to record foundation amounts. A separate column must be used for each foundation. Record the foundation name, year-end date, and amounts. **Footnote TABS F1 to F9** must be completed for each foundation. The foundation name and year-end date on the footnote tabs are linked to the Combining FST.

The HEI must key amounts in the column titled “**Elimination Entries.**” Significant intrafund balance/activity amounts among the foundations of the HEI that are reported on the Combining FST must be eliminated in this column. The elimination entries should not affect the ending net asset balances. Of course, this column does not apply to those HEIs with only one foundation.

The FST is linked to the “**Foundation(s) Year-End Totals**” column.

Calendar year-end

If a foundation has a December 31st rather than a June 30th year-end, the HEI must report the foundation's amounts as of December 31, 2005.

Note: Any significant intrafund balance/activity amounts not eliminated because of a calendar rather than fiscal year-end must be identified and reported on TAB F8, Intrafund.

Line items

The line items on the Combining FST mirror the FST except for those that only apply to the HEI. (For example, Appropriations Available, State Appropriation Revenue, etc.) Also, the new SNAP, LGIP and Accounts Payable line items are not on the Combining FST. Those new line items are only for the HEI.

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

GASBS 3 & GASBS 31 Footnote Information for HEI (TABS 1A, 1B)

Purpose TAB 1A is used to obtain information regarding cash, cash equivalents and investments. TAB 1B is to obtain GASBS No. 31 information.

Definitions For purposes of this Directive, the following definitions apply:

Cash – the standard medium of exchange (paper currency) that must be readily available for the payment of current obligations, and it must be free from any contractual restriction that limits its use in satisfying debts.

Cash Equivalents – instruments or investments of such high liquidity (original maturity of 90 days or less) and low risk that they are virtually as good as cash. Examples are a nonnegotiable certificate of deposit, money market fund, Treasury bill, and monies in the State Non-Arbitrage Program (SNAP) fund*, and the Local Government Investment Pool. Whether an asset is a cash equivalent is determined only once based on the length of the original maturity when the asset is first acquired.

Investments – securities and other assets acquired primarily for the purpose of obtaining income or profit with an original maturity greater than 90 days. This includes securities, which are transferable financial instruments that evidence ownership or creditorship.

Security – generally, an instrument evidencing debt of or equity in a common enterprise in which a person invests on the expectation of financial gain. The term includes notes, stocks, bonds, debentures or other forms of negotiable and nonnegotiable evidences of indebtedness or ownership.

Note*: SNAP Individual Portfolios may include cash equivalents and/or investments depending on what makes up the portfolio. This is why there are new line items to report SNAP Individual Portfolio – cash equivalent and investment amounts separately.

Continued on next page

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

GASBS 3 and GASBS 31 Footnote Information for HEI (TABS 1A, 1B),
continued

Completing
TAB 1A

Follow the procedures below:

Part No.	Guideline
1	<p>Report the institution's CARS GLA 101 balance, excluding fund 0100. This amount should agree to Cash held with Treasurer of VA line items on the Statement of Net Assets. (Note: All General Fund (0100) cash should be classified as appropriation available on the Statement of Net Assets.) Report amounts by fund on the attachment.</p> <p>If the total amount reported does not equal CARS GLA 101, excluding Fund 0100, submit a reconciliation by fund with the attachment.</p>
2	<p>Amounts for the following line items are linked to the FST.</p> <ul style="list-style-type: none">• Cash not held with Treasurer of Virginia• Restricted Cash not held with Treasurer of Virginia <p>The total of these amounts must be recorded on Attachment HE-10A-detail tab – Part 1a. Attachment HE-10A requires additional footnote information on these line items.</p>
3	<p>This section is different from the prior year because of the new SNAP line items. Amounts for the following line items are linked to the FST.</p> <ul style="list-style-type: none">• SNAP Individual Portfolio & Restricted SNAP Individual Portfolio– Cash Equivalents• SNAP Individual Portfolio & Restricted SNAP Individual Portfolio - Investments• Cash Equivalents & Restricted Cash Equivalents not held with Treasurer of Virginia• Investments & Restricted Investments not held with Treasurer of Virginia <p>The total of these amounts must be recorded on Attachment HE-10A-detail tab – Part 3. Attachment HE-10A requires additional footnote information on these line items.</p>

Continued on next page

**Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template**

**GASBS 3 and GASBS 31 Footnote Information for HEI (TABS 1A, 1B),
continued**

**Completing
TAB 1A**

Follow the procedures below:

Part No.	Guideline
4a & b	Cash Equivalents held with Treasurer of VA and Restricted Cash Equivalents held with Treasurer of VA (excludes SNAP & LGIP): <ul style="list-style-type: none">• Provide descriptions and amounts.
4c & d	Investments held with Treasurer of VA and Restricted Investments held with Treasurer of VA (excludes SNAP): <ul style="list-style-type: none">• Provide descriptions and amounts.
5a & b	For any Local Government Investment Pool (LGIP) and / or Restricted Local Government Investment Pool amounts, provide the LGIP account # and amounts.
6a & b	For any State Non-Arbitrage Program (SNAP) Fund and/or Restricted State Non-Arbitrage (SNAP) Fund amounts, provide the SNAP account # and amounts.
6c	For any amounts reported on the four new SNAP Individual Portfolio line items, provide the SNAP account # and amounts.

**Completing
TAB 1B**

Complete this for all cash equivalents and investments reported on the financial statement template.

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

Additional Footnote Information for HEI (TABS 2 through 8)

**TAB 2,
Receivables**

This tab has changed in format as follows:

- **Format Change for Part 1:** Detail is no longer required for the allowance amount and the net receivables expected to be collected after June 30, 2007. These amounts must be provided in total. A **new** requirement is to provide descriptions and amounts for "Other Receivables."
- **Elimination Entries to Footnote:** Part 2 is **new** and is to obtain footnote elimination entries to the HEI amount reported on the Elimination Entries to FST tab.

**TAB 3, Capital
Assets**

This tab provides the following footnote information:

Part 1) Schedule of Changes in Capital Assets –This section has been revised to show "ERROR" messages if amounts in the footnote do not agree to the FST by capital asset line item. In the prior year, an "ERROR" message would only appear if the total nondepreciable and depreciable capital asset amounts did not agree.

Parts 1 & 1a) The footnote line item order has been changed to mirror the FST. Construction in Progress is after Land.

Part 1a) Comparison of Beginning Balances to Prior Year's Ending Balances: This compares the prior year's ending balances to the current year's beginning balances and calculates differences. After selecting the institution's acronym, prior year's ending balances will appear and the #N/As will disappear. The amounts in the Balance July 1, 2005 column are linked to Part 1. The HEI must explain the differences.

Part 2) Capital Asset Capitalization Policy

Part 3) Works of Art/Historical Treasures

Parts 4.1 to 4.3) GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries (GASBS 42): See section titled "TAB 3, Capital Assets: Parts 4.1 to 4.3 for GASBS 42" for additional information."

Part 5) This is **new** and is for **elimination entries** reported on the Elimination Entries to FST tab on the HEI's capital asset line items.

Continued on next page

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

Additional Footnote Information for HEI (TABS 2 through 8), continued

TAB 5, LT
Liabilities

This tab provides the following footnote information:

Part 1) Schedule of Changes in Long-Term Liabilities

Part 1a) Comparison of Beginning Balances to Prior Year Ending Balances:
This compares the prior year's ending balances to the current year's beginning balances and calculates differences. After selecting the institution's acronym, the prior year's ending balances will appear and the #N/As will disappear. The amounts in the Balance July 1, 2005 column are linked to Part 1. The HEI must explain the differences.

Part 2) Schedule of Installment Purchase Obligations

Part 3) Schedule of Future Capital Lease Payments & Related Capital Asset Balances

Part 4) Bonds Payable (Institutional Debt)

Parts 5 to 8) These are **new** and are for **elimination entries** reported on the Elimination Entries to FST tab on the HEI's long-term liability line items.

Continued on next page

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

Additional Footnote Information for HEI (TABS 2 through 8), continued

**TAB 6,
Commitments**

This tab provides the following footnote information:

Parts 1 and 3) Operating Leases
Parts 2 and 4) Other Commitments

**TAB 7,
Miscellaneous**

This tab provides the following footnote information:

Part 1) Inventory
Part 2) Restricted Cash and Cash Equivalents/Restricted Investments/Other Restricted Assets
Part 3) Unearned Revenue (formerly Deferred Revenue)
Part 4) GASBS No. 20
Part 5) GASBS No. 33
Part 6) GASBS No. 38
Part 7) Contingent Liabilities
Part 8) Subsequent Events
Part 9) Flow Assumption for Restricted Resources
Part 10) Donor-Restricted Endowments
Part 11a) Other Liabilities
Part 11b) Accounts Payable – Other – This is a **new** requirement to provide descriptions and amounts for this line item. This information was reported on TAB 4 in the prior year.
Parts 12a & b) Other Assets & Other Restricted Assets – These are **new** requirements to provide descriptions and amounts for these line items.
Part 13) Calculation of Invested in Capital Assets, Net of Related Debt – This is a **new** requirement to show how this amount was calculated. (Note: In the prior year there were some errors made in this calculation and reclassification entries were necessary.)
Part 14) GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – This is a **new** requirement.
Part 15) GASB Statement No. 47, Accounting for Termination Benefits – This is a **new** requirement.

TAB 8, Short-term Debt

This tab is to provide the detail for short-term debt activity during the year with a party **external** to the Commonwealth. This is a footnote disclosure required by GASBS No. 38. Part 1a is new and requires the institution to state whether the institution had any short-term debt with external parties during the year. In the prior year only Part 1b had to be completed; however, if this part was blank it was unclear whether the HEI just overlooked the tab.

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

TAB 3, Capital Assets: Parts 4.1 to 4.3 for GASBS 42

Purpose

The purpose of GASBS 42 is to provide reporting guidance for the following: impairment of capital assets, and all insurance recoveries (not just recoveries for impaired capital assets).

Overview of Requirements

Financial Statement Template Reporting:

- **Recognize Impairment Loss: Capital assets permanently impaired during fiscal year 2006:** The capital asset must be written down by the impairment loss amount. Any insurance recoveries recognized during the year for the impaired capital asset must be netted with the impairment loss. These losses should be reported as program expense-loss on sale/disposal/impairment of capital assets, special item, or extraordinary item
- **Restate Beginning Net Assets: Capital assets permanently impaired in prior years and not written down:** Beginning net assets should be restated for capital assets as of year-end that were permanently impaired in prior years and had not been written down by the impairment loss amount.
- **Insurance Recoveries:** For any insurance recoveries that are for prior year capital asset impairments and/ or all other reasons (i.e. theft, embezzlement of cash, etc.), report these recoveries as program revenue-operating grants & contributions, program revenue – capital grants & contributions, or an extraordinary item.

Footnote Disclosures:

- **Impairment Losses:** The footnotes must include a general description, the amount and the financial statement template line item.
- **Idle Permanently and/or Temporarily Impaired Capital Assets:** The carrying amount of temporarily and/or permanently impaired capital assets that are idle as of year-end must be disclosed.
- **All Insurance Recoveries:** The footnotes must include the amount and financial statement template line item for **all** insurance recoveries (not just for impaired capital assets).

Other Considerations:

- For any capital assets that do not meet the impairment test, the remaining useful life and salvage value may need to be reevaluated and changed on a prospective basis.

Refer to GASBS 42 for additional guidance. Also, see section titled Appendix 1: GASBS 42 Example Entries in these instructions.

Continued on next page

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

TAB 3, Capital Assets: Parts 4.1 to 4.3 for GASBS 42, continued

Instructions:
Part 4.1

This part is to identify potential impairments as follows:

- A) **Possible Impairment of Capital Assets:** As of June 30, 2006, did the institution have an event* or change in circumstances* that may indicate an impairment of a capital asset as described in GASBS 42? If yes, provide a description, month/year it took place, the possible impaired capital assets, and then go to B. If no, go to Part 4.3.

Note*: This must be a prominent event or circumstance that is conspicuous or known to the institution. It is expected to have been discussed by the board, management, or media. Common indicators of impairment include the following:

- Physical damage (i.e. fire, flood)
- Enactment or approval of laws/regulations or other changes in environmental factors
- Technological development or evidence of obsolescence
- Change in the manner or expected duration of a capital asset
- Construction stoppages (i.e. lack of funding)

- B) **Impairment Test:** If yes to A, is the decline in service utility of the capital asset significant **and** unexpected? If yes, go to C. If no, go to 4.3.

Note: If this test indicates an impairment has not occurred, the estimated useful life and salvage value may need to be reevaluated and changed. This should be accounted for on a prospective basis.

- C) **Permanent Impairment:** If yes to A and B, is the impairment considered permanent? If yes, go to D. If no, go to 4.2.

Note: Generally, an impairment should be considered permanent; however, in some cases it may be considered temporary. If it is considered temporary, the capital asset should not be written down. See GASBS 42 for additional guidance.

Continued on next page

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

TAB 3, Capital Assets: Parts 4.1 to 4.3 for GASBS 42, continued

Instructions:
Part 4.1,
continued

D) Financial Statement Template Reporting & Footnote Disclosure: If yes to A, B, and C, has the impairment loss and related insurance recoveries (if applicable) been properly reported on the FST in accordance with GASBS 42? If **no**, provide an explanation. If **yes**, provide the impairment loss, insurance recoveries, and FST line item this activity is reported on.

Notes: For **impaired capital assets that will continue to be used by the institution**, the impairment loss that should be written off should be measured by one of the following methods: restoration cost approach, service units approach, or deflated depreciation replacement cost approach. For **impaired capital assets that will no longer be used by the institution or capital assets impaired from construction stoppage**, they should be reported at the lower of carrying value or fair value.

Loss on capital assets that became permanently impaired during fiscal year 2006 must be reported on the financial statement template as program expenses—loss on sale/disposal/impairment of capital assets, extraordinary item, or special item. If the impairment loss took place in prior years and not previously recognized, beginning net assets should be restated. Use professional judgment to determine the appropriate FST line item.

Also, Per GASBS 42 paragraph 21, if insurance recoveries are in the same year as the impairment loss, the impairment loss should be reported net of the associated insurance recovery. Also, per GASBS 42 paragraph 17 - footnote 6, this guidance also applies to insured impairments that result in an accounting gain.

**Part 4.2, Idle
Capital Assets –
Temporarily or
Permanently
Impaired**

Any permanently and/or temporarily impaired capital assets that are idle as of year-end must be disclosed. Provide the carrying amount of any permanently and/or temporarily impaired capital assets as of year-end.

Continued on next page

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

TAB 3, Capital Assets: Parts 4.1 to 4.3 for GASBS 42, continued

**Part 4.3, Other
Insurance
Recoveries**

For any insurance recoveries that are not reported in Part 4.1 D, provide the amount and financial statement template line item. Also, provide a description.

Note: This includes current year insurance recoveries for capital assets impaired in prior years. It also includes all other insurance recoveries. (i.e. recoveries for embezzlement of cash, theft). Insurance recoveries should be reported on the financial statement template as program revenue-operating grants & contributions, program revenue-capital grants & contributions, and / or extraordinary item. Use professional judgment to determine the appropriate FST line item.

Footnote Information for Foundation(s) (TABS F1 through F9)

Background

The foundation footnotes differ from HEI footnotes because foundation(s) follow FASB rather than GASB. HEIs are **not** expected to convert foundation FASB footnotes into GASB footnotes; however, there will be some additional information needed from foundations in order to report information in the CAFR. TABS F1 through F9 are to gather selected foundation footnote information for the CAFR.

Continued on next page

**Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template**

Footnote Information for Foundation(s) (TABS F1 through F9), continued

TAB F1

Tab F1, Cash, Cash Eqv, and Inv, include the following:

- Part 1) Answer questions regarding cash and cash equivalents (including restricted cash and cash equivalents).
- Part 2a) Record the fair value of investments (including restricted investments). There are two **new** columns to record footnote elimination entries to foundation investment and restricted investment amounts reported on the Combining FST and/or the Elimination Entries to FST. Also, there is a **new** total after all elimination entries. "ERROR" messages will appear if totals do not agree to the appropriate tabs.
- Part 2b) State whether any amounts reported in Part 2a are reported at cost rather than fair value. Note: The prior year's Part 2c required investments at cost by investment type. This is no longer required.
- Part 3a) State whether the foundation has any investments in LGIP. If yes, complete TAB F2, SNAP & LGIP.
- Part 3b) State whether the foundation has any investments in SNAP. If yes, complete TAB F2, SNAP & LGIP.

Note: The prior year's Part 4 was regarding derivative instruments. This is no longer required.

TAB F2

TAB F2, SNAP & LGIP: If the foundation has any investments in SNAP or LGIP during the year or at year-end, provide the account numbers and year-end balances. A **new** requirement is to provide the Combining FST line item these amounts are reported on. A drop-down list is provided.

Continued on next page

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

Footnote Information for Foundation(s) (TABS F1 through F9), continued

TAB F3

TAB F3, Receivables, include the following:

- Part 1) **Receivables, Net** must have the gross amount of accounts receivable, loans receivable, other receivables, allowance for doubtful accounts, and the net amount expected to be collected in greater than one year. The HEI may need to require this additional information from the foundation if the foundation's Statement of Financial Position and /or footnotes do not clearly indicate the type of receivable, gross and allowance amounts, and the net amount expected to be collected in greater than one year.

A **new** requirement is to provide a description of "Other Receivables."

Also, there are two **new** columns to record footnote elimination entries to foundation receivable amounts reported on the Combining FST and/or Elimination Entries to FST. Also, there is a **new** total after all elimination entries.

- Part 2) **Contributions Receivable, Net** must have the following disclosures: amount due in less than one year, amount due between one and five years, amount due in more than five years, present value discount, allowance for uncollectible contributions, and discount rate used to determine present value.

There are two **new** columns to record footnote elimination entries to foundation contribution receivable amounts reported on the Combining FST and/or the Elimination Entries to FST. Also, there is a **new** total after all elimination entries.

Continued on next page

**Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template**

Footnote Information for Foundation(s) (TABS F1 through F9), continued

TAB F4

TAB F4, Capital Assets, include the following:

Part 1) Provide year-end capital asset amounts by category, gross amounts, and accumulated depreciation amounts. Note: The prior year's tab included a section for nondepreciable capital assets. This is no longer required because the Combining FST and Elimination Entries to FST tabs provide this information.

There are two **new** columns to record footnote elimination entries to foundation capital asset amounts reported on the Combining FST and/or the Elimination Entries to FST. Also, there is a **new** total after all elimination entries.

Note: The prior year Parts 2 to 4 regarding the capitalization policy are no longer required.

Continued on next page

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

Footnote Information for Foundation(s) (TABS F1 through F9), continued

TAB F5 & F5.1 **TAB F5 and F5.1, LT Liabilities:** The TAB F5 has four parts to obtain descriptions of the following:

- Part 1) Notes Payable
- Part 2) Bonds Payable
- Part 3) Capital Lease Obligations
- Part 4) Installment Purchase Obligations

TAB F5.1 also has four parts, but it is to obtain future payments on the above long-term liabilities. The future payments are for the next five years and then a total for all years thereafter. Capital asset balances must be provided for any capital assets purchased with the capital leases.

Note: Some foundations have a December 31st year-end rather than a June 30th year-end. In the prior year, the calendar and fiscal year end amounts were provided separately. The format has **changed** and these amounts can be provided on the same row.

TAB F5.1: There are two **new** columns to record footnote elimination entries to the applicable foundation line items reported on the Combining FST and/or the Elimination Entries to FST. Also, there is a **new** total after all elimination entries.

TAB F6 **TAB F6, Commitments,** include the following:

- Part 1) State whether the foundation has operating lease agreements. If so complete Parts 1b, 1c, and 1d. Part 1c has a revised format. In the prior year, future operating lease payment amounts were reported separately depending on whether the foundation had a calendar or fiscal year-end. This format has changed and future payments can be reported on the same row.
 - Part 2) Provide information on any other commitments reported by the foundation as of year-end.
-

Continued on next page

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

Footnote Information for Foundation(s) (TABS F1 through F9), continued

TAB F7

TAB F7, Miscellaneous, include questions in the following categories:

Part 1)	General,
Part 2 (formerly Part 3)	Restricted Cash and Cash Equivalents,
	Restricted Investments, Other Restricted Assets,
Part 3 (formerly Part 4)	Split-Interest Agreements,
Part 4 (formerly Part 8)	Contingent Liabilities,
Part 5 (formerly Part 9)	Subsequent Events,
Part 6 (formerly Part 10)	Significant Intrafund Balance/Activity Amounts not Eliminated because of Different Year-End Dates,
Parts 7a & 7b (new)	Other Assets & Other Restricted Assets – provide descriptions,
Part 8 (formerly Part 11)	Other Liabilities, and
Part 9 (new)	Calculation of Invested in Capital Assets, Net of Related Debt: provide how this amount was calculated.

Note: The following parts from prior year are no longer required:

- | | |
|---------|---|
| Part 2) | Inventory |
| Part 5) | Deferred Compensation Liability for Current or Former HEI
Employees, |
| Part 6) | Deferred Compensation Program for Foundation Employees, |
| Part 7) | Retirement Plans for Foundation Employees, |

TAB F8

TAB F8, Intrafund: This must be completed if **both** of the following conditions are met.

- The foundation has a December 31st year-end.
- The HEI and the foundation(s) have significant intrafund balance/activity amounts reported on the FST that have not been eliminated because of different fiscal years.

If both conditions are met, provide the FST line items and amounts that were not eliminated.

Continued on next page

**Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template**

Footnote Information for Foundation(s) (TABS F1 through F9), continued

TAB F9

TAB F9, Short-term Debt

Part 1) Complete this part for any amount reported on the Short-term Debt line item. This would include line of credit amounts.

Part 2) Complete this part for any bond anticipation notes payable reported on the Long-Term Liabilities – Bond Anticipation Notes Payable line item.

Checklist

**New
Requirement**

After amounts and information have been entered on all applicable tabs, the **new** Checklist tab must be completed. This tab is to ensure completeness and propriety of amounts reported.

Comptroller's Directive 1-06

Attachment HE-10

Financial Statement Template

Appendix 1: GASBS 42 – Example Entries

The examples below are from a building that was impaired because of a fire. The following examples do not include restoration or replacement costs which should be reported as a separate transaction from the impairment loss and associated insurance recovery.

	Impairment loss (prior year)	Impairment loss (current year)	Insurance Recovery (current year)	Net Gain/(Loss) on impairment (current year)
Example 1		(200,000)	150,000	(50,000)
Example 2		(200,000)	250,000	50,000
Example 3		(200,000)	0	(200,000)
Example 4	(200,000)	0	150,000	(200,000)

Below are example FST entries for the current year from the above examples

Example 1:

Cash	150,000	
Extraordinary item (net loss) (see Note A)	50,000	
Accumulated depreciation-buildings		200,000

Example 2:

Cash	250,000	
Extraordinary item (net gain) (see Note B)		50,000
Accumulated depreciation-buildings		200,000

Example 3:

Extraordinary item (see Note A)	200,000	
Accumulated depreciation-buildings		200,000

Example 4:

Beginning Net Assets	200,000	
Cash	150,000	
Accumulated depreciation-buildings		200,000
Extraordinary item (Note C)		150,000

Note: For example 4, since the insurance recovery was not recognized in the same year as the impairment loss, the insurance recovery is not netted with the impairment loss for the current year.

Comptroller's Directive 1-06
Attachment HE-10
Financial Statement Template

Appendix 1: GASBS 42 – Example Entries, continued

Note A: Depending on the circumstances of the impairment, the other FST line items that this loss could be reported on are as follows:

- Expenses-Loss on Sale/Disposal/Impairment of Capital Assets
- Special Item

Note B: Depending on the circumstances of the impairment, the other FST line items that this gain could be reported on are as follows:

- Gain on Sale/Disposal/Impairment of Capital Assets
- Special Item

Note C: Depending on the circumstances of the impairment, the other FST line items that this insurance recovery could be reported on are as follows:

- Program Revenue-Operating Grants & Contributions
- Program Revenue-Capital Grants & Contributions

As a reminder, per GASBS No. 34 the definitions of extraordinary items and special items are as follows.

- Extraordinary item: Transactions or events that are **both** unusual in nature and infrequent in occurrence.
 - Special item: Transactions or other events **within the control of management** that are either unusual in nature **or** infrequent in occurrence.
-

Comptroller's Directive 1-06

Attachment HE-10

Financial Statement Template

Appendix 1: GASBS 42 – Example Entries

The following provides guidance on how to report the example entries on the TAB 3:

Example 1: Record on TAB 3 Part 4.1 D as follows:

Financial Statement Template line item:	Impairment loss \$	Insurance Recovery \$ included in the net impairment loss/gain calculation (see Note a)
Expenses-Loss on Sale/Disposal/Impairment of Capital Assets		
Special Item		
Extraordinary Item	200,000	150,000
Gain on Sale/Disposal/Impairment of Capital Assets (see Note b)		
Net Assets, beginning (see Note c)		Note d

Example 2: Record on TAB 3 Part 4.1 D as follows:

Financial Statement Template line item:	Impairment loss \$	Insurance Recovery \$ included in the net impairment loss/gain calculation (see Note a)
Expenses-Loss on Sale/Disposal/Impairment of Capital Assets		
Special Item		
Extraordinary Item	200,000	250,000
Gain on Sale/Disposal/Impairment of Capital Assets (see Note b)		
Net Assets, beginning (see Note c)		Note d

Example 3: Record on TAB 3 Part 4.1D as follows:

Financial Statement Template line item:	Impairment loss \$	Insurance Recovery \$ included in the net impairment loss/gain calculation (see Note a)
Expenses-Loss on Sale/Disposal/Impairment of Capital Assets		
Special Item		
Extraordinary Item	200,000	
Gain on Sale/Disposal/Impairment of Capital Assets (see Note b)		
Net Assets, beginning (see Note c)		Note d

Example 4: Record on TAB 3 Part 4.1 D as follows:

Financial Statement Template line item:	Impairment loss \$	Insurance Recovery \$ included in the net impairment loss/gain calculation (see Note a)
Expenses-Loss on Sale/Disposal/Impairment of Capital Assets		
Special Item		
Extraordinary Item		
Gain on Sale/Disposal/Impairment of Capital Assets (see Note b)		
Net Assets, beginning (see Note c)	200,000	Note d

Example 4: Record on TAB 3 Part 4.3

Financial Statement Template line item	Other Insurance Recoveries \$
Program Revenue - Operating Grants and Contributions	
Program Revenue - Capital Grants and Contributions	
Extraordinary Item	150,000